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#### ARTICLES:

- (1) North Korea admits presence of Kim Young Nam, will allows him to meet his mother

MAINICHI (Top play) (Excerpts)  
June 8, 2006

Shoji Nishioka, Beijing; Akiko Horiyama, Seoul

North Korea's Cabinet Counselor Kwon Hu Ung, chief negotiator in

inter-Korea cabinet-level talks, yesterday revealed that he had sent a notification to his South Korean counterpart, Unification Minister Lee Jong Seok, telling him that North Korea has now confirmed the whereabouts of Kim Young Nam, who is believed likely to be the husband of Japanese abductee Megumi Yokota, according to the Korean Central News Agency. This is the first time for the North to admit to the presence of Kim Young Nam. North Korea stated that it would allow Kim to meet his mother, Choi Gye Wol, when she comes to North Korea as part of the family reunion project between North and South Koreans at Kumgangsan slated for June 19-30.

According to South Korea's Yonhap News, the South Korean government intends to accept the North Korean proposal. Choi Gye Wol and her daughter and Kim's elder sister, Kim Yong Ja, praised North Korea's proposal at a news conference held in Seoul at 11:30 a.m. today and indicated their intention to visit North Korea. The family reunion is expected to be the first since Kim Young Nam went missing in August 1978.

The North's notification said: "We have decided to arrange a meeting, in view of love for our fellow people and taking the occasion of the sixth anniversary of the June 15 Declaration (North-South Korea Joint Declaration released on June 15)." At the same time, it demanded: "South Korea should take responsible steps not to cause any trouble regarding the planned meeting for the purposes of a family reunion." Pyongyang thus urged Seoul to refrain from taking action that would irritate North Korea.

(2) Three scenarios on GSDF withdraw from Iraq

ASAHI (Page 4) (Abridged slightly)  
June 8, 2006

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The government is endeavoring to determine a timetable for pulling Ground Self-Defense Force (GSDF) troops out of the southern Iraqi city of Samawah. But the Iraqi government is still devoid of interior and defense ministers. There has been no progress in the political process -- a condition for Japan's withdrawal -- and there are no bright prospects for transferring security duties to Iraq. It is also unclear what British and Australian troops will do. How is Prime Minister Junichiro Koizumi going to address the matter in his talks with US President George W. Bush later this month? Will he be able to issue a pullout order before stepping down at the end of September?

A decision by the end of July for completing withdrawal before Koizumi's term of office expires

Completing a withdrawal by the end of September is the best scenario for the government. Koizumi wants to put an end to the Iraq mission before stepping down from office. A withdrawal would reportedly take two months. In order to pull the 10th GSDF contingent in Iraq out of the country by the end of September, Koizumi needs to issue a withdrawal order by the end of July.

But the realization of this scenario is conditioned on: (1) filling vacant Iraqi cabinet posts, such as interior and defense ministers; (2) a political decision in June to transfer security duties in Samawah to Iraqi authorities; and (3) a shift in July of British troops from Muthanna and other provinces to their base in Basra.

If all conditions are met, Koizumi will formally announce a withdrawal before the Japan-US summit talks to allow the defense chief to issue an order to begin pulling out troops. The government will also consider sending additional personnel to help troops in Iraq pack and transport supplies for a speedy withdrawal.

Once a GSDF pullout comes into sight, the government is likely to decide on expanded Air Self-Defense Force activities.

On June 4, US Defense Secretary Donald Rumsfeld asked defense chief Fukushima Nukaga about the feasibility of an expanded ASDF airlift mission. Nukaga responded positively, apparently in a bid to underline Japan's continued commitment to Iraqi reconstruction even after ground troops leave the country.

In compliance with requests from the US and the United Nations, the government is considering flying ASDF transport planes between Kuwait and Baghdad, Arbil and Baghdad, and Arbil and Kuwait.

Transferring security duties a key to beginning withdrawal during Koizumi's tenure

What would happen if Japan failed to complete a withdrawal in Koizumi's tenure? The focus would then shift to whether Japan can begin pulling out troops from Iraq in his tenure.

The answer to this question hinges largely on the security situation in Iraq.

In his talks in Singapore with American, British, and Australian

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officials in charge of national defense, Nukaga asked about the prospects of transferring security duties to Iraq. But they failed to give him clear-cut answers, with British State Minister for the Armed Forces Adam Ingram saying: "It is too early to discuss prospects. Security powers must be transferred at the right time. There is no need to hurry."

Iraqi Prime Minister Nouri al-Maliki declared a state of emergency on May 31 following what seemed to be a clash of Shiite forces in Basra. The situation in Iraq remains unpredictable. A roadside bomb also exploded on May 31 in Samawah as a GSDF motorcade passed by. In Baghdad, the death toll for the month of May was the worst since the end of the Iraq war.

Given that the Iraqi government lacks interior and defense ministers is unlikely to be able to take on security duties, Koizumi may not be able to decide to pull out Japanese troops before stepping down. With its own midterm elections coming up in November, the US may also refuse an early transfer of security powers for fear of rushing the withdrawals of multinational forces.

An announcement on not extending Iraq mission, leaving decision to Koizumi's successor

A lack of concrete steps for British and Australian troops to leave Samawah given the chaotic security situation in Iraq would make it difficult for Koizumi to make a withdrawal announcement ahead of other countries.

Many government officials still think that Koizumi will pave the way for a withdrawal in order to reduce the burden on his successor. Not extending the basic deployment plan beyond December 14 is also being mentioned. This would allow the government to effectively decide on a withdrawal.

In this case, two conditions -- a transfer of security powers and the moves of multinational forces -- may not be met. Koizumi's successor would also be pressed to determine a timeline for withdrawal in just two months after assuming office.

(3) 2006 LDP presidential race: Kochikai seems to be wanting; Aims to run unified candidate to get support from forces in favor of Abe

ASAHI (Page 4) (Full)  
June 7, 2006

Four leaders from the Niwa-Koga and Tanigaki factions and the Kono group got together on June 6 for the first time in five years and six months. The three groups are the successors to the former Miyazawa faction (called Kochikai). The aim of their

meeting was to avoid becoming a hunting ground in the upcoming presidential election of the Liberal Democratic Party. They also want to run a unified candidate, who would be supported by forces not supporting Chief Cabinet Secretary Shinzo Abe, if possible. However, they are undeniably bitter enemies. Whether the move will lead to reconstruction of the distinguished Kochikai is unknown.

Yuya Niwa, co-leader of the Niwa-Koga faction, set up the meeting. Another co-leader, Makoto Koga, also attended the session. The four veteran politicians got together for the first

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time after the Kato rebellion in November 2000, in which Koichi Kato, a former LDP secretary general, called on then Prime Minister Yoshiro Mori to step down.

Niwa said: "Junior and mid-level lawmakers have often held meetings in an amicable manner." He indicated that the active exchanges by the young and mid-level members brought about their meeting.

The four participants had different motives for the meeting. The Niwa-Koga faction, which has no potential post-Koizumi contender, wants to field a unified candidate from "a grand Kochikai," if possible, to prevent its members from splitting in voting.

Meanwhile, Niwa offered words of encouragement to Foreign Minister Taro Aso of the Kono group and Finance Minister Sadakazu Tanigaki, who heads his own faction, saying: "Both of you are enthusiastic about the fall leadership race. I as a fellow former faction member want you to do your best." Both Aso and Tanigaki belong to small factions that have about 10 members. Therefore, their support rates are low. If the three groups are merged again, a combined Kochikai will have a membership of about 70. They have this in mind.

Former Chief Cabinet Secretary Yasuo Fukuda, in second place in the post-Koizumi race, has yet to clarify his position. So, the prediction is that a Kochikai candidate will be able to obtain votes from the anti-Abe members if Fukuda does not run in the election.

The four leaders have started considering policy objectives. In the meeting, they shared the view that Asia policy and the Yasukuni Shrine issue will unavoidably become major campaign issues in the LDP presidential race.

Koga, who also chairs the Japan Association for the Bereaved Families of the War Dead, explained his proposal for Class-A war criminals to be unenshrined from Yasukuni. He told the three others: "I think a situation under which the Imperial family can visit should be created."

Kochikai placed importance on Asia diplomacy. Chances are that a policy outline will be formed with the establishment of a study group comprising junior and mid-level members of the three factions and an exchange of views between the four leaders. They will likely to come up with a policy with Abe's hard-line stance toward China in mind.

In a meeting of the Tanigaki faction later in the day, one member said, "Unless Mr. Tanigaki makes clear his policy, he won't be able to expand his support further, indicating that it would be difficult for the three groups to field a unified candidate even if Fukuda does not run.

After the meeting, Aso said, "It was meaningful." Tanigaki stated, "We have decided to keep in touch."

Koga, who was reluctant to hold a meeting said, "We got together to discuss a certain issue." The gap in their perspectives was clear.

(4) Post-Koizumi race: Researching Yasuo Fukuda (Part 2) "Modest and reserved person" gradually standing out

NIHON KEIZAI (Page 2) (Abridged slightly)  
June 7, 2006

A friend of then Prime Minister Takeo Fukuda asked his young son Yasuo why he had become his father's private secretary. Yasuo replied:

"It is important for everyone to decide on one's course of action. Is there anyone but me who can say to my father that it's time for him to quit? My role is to make him think about when he should retire so that his late years will not be left tarnished." A friend of the late Takeo Fukuda still remembers Yasuo's remark. He made it because he did not think he ever would want to become a politician.

Masao Fukuda, the second son of Takeo Fukuda, was considered his father's successor, but he died in 1994. The second son was adopted into the Yokote family that runs a distinguished old Japanese inn in the hot-spring resort of Ikaho in Gunma Prefecture. Masao, however, became a secretary to Takeo Fukuda earlier than Yasuo Fukuda.

Dislike politicians

"I hate politicians; politics is third-rate work." Such were the views of Yasuo Fukuda, then a freshman in high school, when Takeo Fukuda was elected for the first time to the Diet. He had mixed feelings about his father becoming a politician. Seeing his father surrounded by newspaper reporters, he did not feel at all to be like his father. But after witnessing his father's hard work and great success, Yasuo gradually became interested in politics.

In the spring of 1959, Yasuo Fukuda entered Maruzen Oil Co. He was placed mainly in charge of buying crude oil overseas. He reportedly found pleasure in occasionally stealing confidential information from government officials whom he got along with. After his company experienced the 1973 oil crisis, he keenly sensed the limits of being in the private sector and the importance of his country having a foreign policy.

After quitting the oil company, for which he had worked for 17 years, Yasuo Fukuda became a private secretary to his father one month before Takeo Fukuda assumed the prime minister's post. A senior member of Takeo Fukuda's support group in Gunma Prefecture told the new prime minister, "You now have your successor." Takeo Fukuda stared hard at the senior member for more than a minute. Realizing finally that the senior member was not just being polite, the prime minister smiled back at him. In the primary election for the 1978 Liberal Democratic Party (LDP) presidential race, Fukuda sought reelection but was defeated by Masayoshi Ohira, who was backed by Kakuei Tanaka. As a result, he dropped out of the race and stepped down from office, saying, "Occasionally, heaven's voice comes from a strange direction." A person close to Yasuo Fukuda said: "By that, he probably means Yasuo's voice. He must have secretly advised his father to resign."

Waiting for all the arrangements

Supported by his son, Takeo Fukuda was easily reelected with the top vote when he ran in the subsequent Lower House elections. But

the time for generational change finally arrived. At a meeting in May 1989 of his father's support group, Yasuo Fukuda announced that he would run in his father's stead in the Lower House election.

Local supporters were concerned about Yasuo Fukuda's modest and reserved personality, compared with his father, who was known for

his combative spirit. Yasuo Fukuda, however, did not change his style. He refused to allow posters be used in the campaign in which he was seen as smiling. He was first elected to the Lower House in 1990 at the age of 50.

Ten years after his Diet debut, Yasuo Fukuda was appointed chief cabinet secretary of the Mori government. He told his supporters, who called to congratulate him: "Young people dislike a roundabout way of saying things. We must speak frankly to them." His supporters thought the job of government spokesperson had changed the person.

Supporters of Yasuo Fukuda are now wondering why he is no longer telling it straight. Perhaps he is waiting for all the pieces to fall in place.

(5) Collapse of money game -- arrest of former Murakami Fund president Murakami: He built a network of classmates graduating from elite schools during the period called the lost 10 years in Japan

YOMIURI (Page 38) (Full)  
June 8, 2006

In the autumn of 1989, Yoshiaki Murakami, 46, was seen kneeling down on the floor in the reception room of Bungei Shunju Publisher at Kioicho, Tokyo. He was then 30 years old and in his seventh year at the Ministry of International Trade and Industry (MITI: now the Ministry of Economy, Trade and Industry).

"Please do not publish it. Should it be published, I must resign my post," Murakami said.

Kazuyoshi Hanada, 63, who was then editor in chief of the weekly magazine Shukan Bunshun, looked bewilderingly at such a Murakami, murmuring to himself: "I can't believe a young person like him is kneeling down on the floor before me."

What Murakami begged Hanada not to publish was a 200-page story entitled, Horobiyuku Nippon (Falling Japan), which he had written. The main character of the story resembles Murakami himself. In the story, the hero played an important role in political circles but was assassinated before fulfilling his ambition, and this ushered in a period in Japan leading to political and economic collapse. Murakami at first planned to publish it as a book but just before deciding to do so, he was told by his supervisor to kill the manuscript.

Murakami had no intention at the time to leave MITI.

"He is friendly and has a lot of nerve to try various things. He is good at building a personal network." A former MITI official who worked together with Murakami at the ministry for 17 years portrayed Murakami that way.

In order to buy a commuter pass at the lowest price, Murakami

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made every effort to find a cheap commuting route. On the other hand, when contemporaries at the ministry gathered for drinking, Murakami often paid for it. "He was spending money absurdly in order to buy friendship," a former colleague said, looking back on those days.

Around 1996, Murakami had a hand as a senior researcher at the MITI Research Institute of International Trade and Industry in creating legislation to promote mergers and acquisitions among firms. He intently explained to co-workers: "I want to change the corporate climate toward stockholders." He was an active participant in study meetings to learn from corporate executives and scholars about the corporate systems. Through such study meetings, Murakami became acquainted with Orix Corp. CEO (now Chairman) Yoshihiko Miyauchi, 70, who offered a large investment to Murakami when he founded his fund management business.

Murakami pursued an elite route from the Nada Junior/ Senior High

School to Tokyo University's Law Faculty and then MITI. His personal network he fostered at each stage has underpinned his activities afterwards.

Tsuyoshi Maruki, 46, who was a classmate in the junior and senior

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high school, was the right hand of Murakami at the Murakami Fund. Maruki was an expert on investment at Nomura Securities and served as deputy chief of that firm's Capital Market Department. At one point he was on loan to MITI for two years from 1987. In MITI Maruki was installed at the Industrial Policy Bureau where Murakami was working. The two renewed their old friendship. Kenya Takizawa, 45, a key officer in the Murakami Fund who started his career as a police official and then went on to be a management consultant and a political advisor at the US Embassy in Tokyo, was a classmate of Murakami at Tokyo University.

Murakami's classmate network has now extended to include politicians, for instance, Koji Matsui, 46, a House of Councilor of the Democratic Party of Japan (Minshuto), who resigned his post at MITI to become a politician, and Yoshimasa Hayashi, 45, a House of Councilor belonging to the Liberal Democratic Party (LDP) who was a classmate at Tokyo University.

One politician revealed: "I got acquainted with Mr. Murakami through a certain lawmaker and introduced to him a corporate manager who was willing to invest money in the Murakami Fund." Murakami began deepening friendship with Hiroshi Mikitani, 42, president of the Rakuten Internet moll operator through this kind of gathering with politicians.

The Japanese economy was in a slump in the 1990s, following the burst of the economic bubble. This decade is called the lost 10 years, during which Murakami fostered his personal network at MITI and acquired expertise on corporate structures and laws. Around then stock prices were falling to inconceivably lower levels, he thought.

"It's the time to buy stocks. A rare chance has come." Looking back on those days, Murakami so remarked.

Murakami was resolved to resign his post at MITI in his 30s, but in actually, he left MITI in July 1999, 11 days before his 40th birthday.

SCHIEFFER